

# Ahold Delhaize

Ahold Delhaize has published a human rights report - giving confidence to investors that it is working to address some of its most salient issues, in addition to launching a new climate change strategy. EOS continues to engage with the company on investor expectations on ESG.

## Background and company overview

Ahold Delhaize is a food retail group headquartered in the Netherlands. It employs around 380,000 associates and is active through e-commerce and supermarkets in the US, Benelux, Central and South-eastern Europe, Indonesia and Portugal.

The company was formed in July 2016 from the merger of Ahold and Delhaize Group. A new sustainable retailing strategy was formed in 2016 and the company started a process to identify material sustainability issues. One of them was human and labour rights, but we noted the absence of a human rights policy.

## Our engagement

In 2017, EOS at Federated Hermes raised its concerns with the investor relations department about the absence of a publicly available human rights policy. Food retailers face high risks of human rights abuses through their own operations, their global supply chains and their involvement with business partners. The company acknowledged our concerns and mentioned that a position paper was being developed. We asked the company to base its approach on the UN Guiding Principles (UNGPs) for Business and Human Rights.

**We asked the company to set science-based targets to ensure its efforts are aligned with what the science tells us is required to meet the goals of the Paris Agreement.**

Engagement objectives:



### Social:

Publish a human rights policy based on the UNGPs



### Environment:

Set science-based emissions reduction targets

## Sustainable Development Goals:



In 2018, we met with the director for sustainable retailing and reiterated our expectations. The website now included a page setting out the company's position on human rights, but this was not based on the UNGPs. We discussed the company's scores in an Oxfam report<sup>1</sup> assessing supply chain policies and reported practices of food retailers. The company informed us that it would start working with an external adviser to identify its most salient human rights issues. Ahold Delhaize had a 2020 target to achieve 80% of own-brand production locations in high-risk countries (based on the amfori list of high-risk countries) audited against social compliance criteria and meeting expected standards. We suggested expanding the scope of its due diligence and gained some reassurance that this was part of discussions on the new sustainability strategy.

<sup>1</sup> <https://policy-practice.oxfam.org.uk/publications/ripe-for-change-ending-human-suffering-in-supermarket-supply-chains-620418>

We also discussed the company's climate change strategy, with a focus on setting science-based targets to ensure its efforts are aligned with what the science tells us is required to meet the goals of the Paris Agreement and for reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We also co-signed two letters to the CEO, together with institutional investors, asking for a plan demonstrating a comprehensive approach to protein diversification, as part of a strategy to achieve the alignment to the Paris goals.

In 2019, we met with the new director of sustainable retailing to raise our concerns on human rights and follow up on climate change. The company suggested that it was making good progress in its review of its global human rights due diligence process. It had identified its most salient human rights issues and indicated that a policy could be published as soon as 2020.

## Changes at the company

In June 2020, Ahold Delhaize published its first substantial human rights report which is based on the UNGPs on Business and Human Rights in line with our request and identifies six salient issues as initial priorities, followed by a further six. The score of Ahold Delhaize in the latest Oxfam report has improved from 5 to 19 out of a total score of 100<sup>2</sup> and it is on track to achieve its 2020 target for 80% of own-brand production units in high-risk countries meeting social compliance standards.

During a video call with the director of sustainable retailing in October 2020, we thanked the company for its good progress on human rights reporting, while encouraging a broader scope for its human rights due diligence and a review of its efforts to uncover modern slavery. Many countries in Europe for example would not be considered as high-risk and therefore not covered by the company's public target. However, labour trafficking and exploitation has been on the rise in Europe. Also, human rights due diligence only covers own-brand products.

In 2020, the company launched a climate change strategy which takes into account elements which we discussed during our engagement. It became an official supporter of TCFD reporting and set a target to reduce absolute scope 1 and 2 emissions by 50% by 2030 and absolute scope 3 emissions by 15% by 2030, from a 2018 baseline. These targets have been approved by the Science Based Targets initiative, and the company explained that targets for scopes 1 and 2 are consistent with reductions required to keep warming to 1.5°C in line with the Paris Agreement while scope 3 is consistent with a below 2°C trajectory.

## Next steps

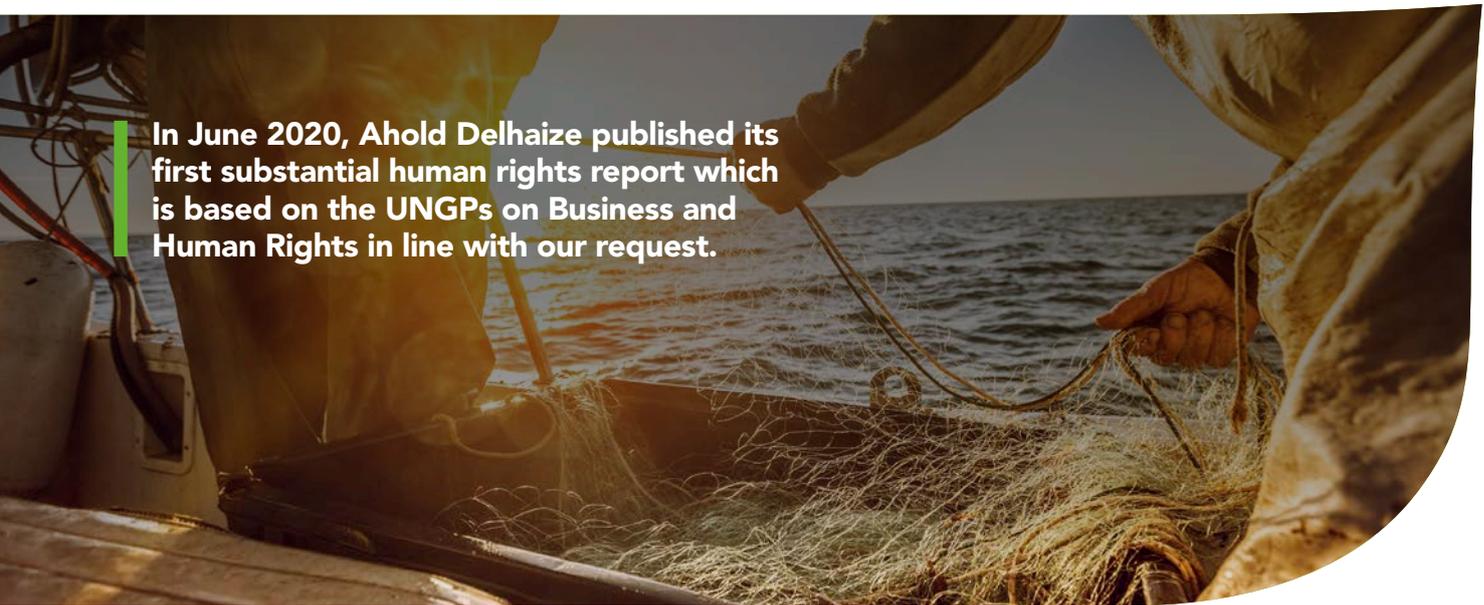
In our ongoing dialogue on the sustainability strategy, we will continue to engage on the implementation of the human rights policy. There is mounting evidence that the food system is a major driver of the climate and biodiversity crises. To provide healthy diets for all within planetary boundaries, the food industry must therefore be transformed. We will seek to understand how Ahold Delhaize can support this transformation and prepares itself for it.



**Pauline Lecoursonnois**  
Engagement  
EOS



This case study has been fact-checked by Ahold Delhaize to ensure a fair representation of EOS work carried out and changes made at the company.



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<sup>2</sup> <https://www.oxfam.org/en/take-action/campaigns/end-suffering-behind-your-food/supermarkets-scorecard>

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